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Programme budget for the biennium 2008-2009

United Nations common system

Administrative and financial implications of the decisions and recommendations contained in the report of the International Civil Service Commission for 2008**

Statement submitted by the Secretary-General in accordance with rule 153 of the rules of procedure of the General Assembly

Summary

The present statement, submitted pursuant to rule 153 of the rules of procedure of the General Assembly, details the administrative and financial implications of the decisions and recommendations of the International Civil Service Commission on the common system, in particular their implications for the programme budget of the United Nations for the biennium 2008-2009. Recommendations and decisions of the Commission giving rise to requirements under the regular budget for the current biennium will be taken into consideration in the preparation of the first performance report of the programme budget for the biennium 2008-2009.

* A/63/150 and Corr.1.

** An advance copy of the report of the International Civil Service Commission for 2008 (A/63/30) was used in the preparation of the present statement of implications.

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I. Introduction

1. The annual report of the International Civil Service Commission for 2008[1] contains specific decisions and recommendations with financial implications for the programme budget for the biennium 2008-2009 related to the following issues:

(a) Conditions of service of staff in the Professional and higher categories:

(i) Base/floor salary scale;[2]

(ii) Mobility and hardship allowance;[3]

(iii) Dependency allowances;[4]

(b) Conditions of service applicable to staff in the General Service and related categories:

(i) Survey of best prevailing conditions of employment in Geneva;[5]

(ii) Survey of best prevailing conditions of employment in Vienna;[6]

(c) Conditions of service applicable to all categories of staff:

(i) Level of education grant;[7]

(ii) Hazard pay for internationally recruited staff.[8]

II. Conditions of service of staff in the Professional and higher categories

A. Base/floor salary scale

2. The General Assembly, in section I.H of its resolution 44/198, established a floor net salary scale for staff in the Professional and higher categories by reference to the corresponding net salary levels of officials in comparable positions serving in the base city of the comparator civil service (the federal civil service of the United States of America).

3. The General Schedule salary scale for the United States federal civil service in Washington, D.C., the current comparator, increased by 2.5 per cent on a gross basis, as from 1 January 2008. Combined with the tax changes recorded at the federal level in Washington, D.C., and the States of Virginia and Maryland, the above-mentioned increase in gross comparator salaries resulted in a net increase of 2.33 per cent as compared with the 2007 levels. The movement of the comparator net salaries indicates that the comparator reference salary (GS-13/GS-14 salary levels) was 2.33 per cent higher than the net salary of a P-4, step VI under the current United Nations base/floor salary scale. In accordance with the approved

[1] *Official Records of the General Assembly, Sixty-third Session, Supplement No. 30* (A/63/30).
[2] Ibid., paras. 73-79.
[3] Ibid., paras. 80-94.
[4] Ibid., paras. 120-129.
[5] Ibid., paras. 137-140.
[6] Ibid., paras. 141-144.
[7] Ibid., paras. 48-62.
[8] Ibid., paras. 165-172.

procedures and past practices, that would call for an upward adjustment of the common system salary scale for staff in the Professional and higher categories by 2.33 per cent, as from 1 January 2009. The increase in the base/floor salary scale would be implemented through the standard method of consolidating post adjustment multiplier points into base/floor salary, namely, by increasing base salary while commensurately reducing post adjustment levels.

4. The annual financial implications of the above-mentioned adjustment of the base/floor salary scale for the United Nations and other participating organizations of the common system have been calculated by the Commission to be $420,500 broken down as follows:

(a) For duty stations with low post adjustment that would otherwise fall below the level of the new base/floor: none;

(b) In respect of the scale of separation payments: $420,500.

5. The financial implications of the above recommendation for the United Nations programme budget for 2009 have been estimated at $183,800.

B. Mobility and hardship allowance

6. In accordance with the decisions of the Commission, as approved by the General Assembly in its resolution 61/239, the amounts payable under the new mobility and hardship scheme that came into effect on 1 January 2007 are to be reviewed every three years by reference to three factors: (a) the average movement of net base salary plus post adjustment in the eight headquarters locations of the United Nations common system; (b) the movement of the out-of-area index used for post adjustment based on inflation factors in 21 countries; and (c) the movement of the base/floor salary scale. As the amounts were originally set in 2005 with the expectation that they would come into effect on 1 January 2006, any revised amounts would need to come into effect on 1 January 2009. Based on the 2008 classification levels, the estimated cost implications of a 5 per cent increase amount to an additional $5,796,100 per annum.

7. The financial implications of the above recommendation for the United Nations programme budget for the year 2009 have been estimated at $959,400.

C. Dependency allowances

8. In accordance with the revised methodology for determining the level of the children's allowance approved by the Commission at its sixty-sixth session, the global United States dollar flat-rate amount should be established with reference to the average level of child benefits (tax abatements and social legislation payments) at the eight headquarters duty stations, weighted by the number of staff at those locations. The secondary dependant's allowance was set at 35 per cent of the children's allowance. For those duty stations where the current levels of the allowances are above the proposed ones, transitional measures will be introduced as from 1 January 2009 and will be phased out over the next two review cycles. The transitional measures will be completely discontinued as from 1 January 2013.

9. Based on information describing the latest changes in the tax and social legislation at the income level of P-4, step VI, the revised children's allowance was calculated at $2,686, to be implemented as from 1 January 2009. The secondary dependant's allowance is established at 35 per cent of the children's allowance, i.e., $940 per year.

10. The Commission decided to recommend to the General Assembly that, effective 1 January 2009: (a) the children's allowance should be set as a global flat-rate amount of $2,686 per annum and the disabled children's allowance should be double that amount, i.e., $5,372 per annum; (b) the secondary dependant's allowance should be set at $940 per annum; (c) at hard currency locations, the United States dollar amount of the allowance should be converted to local currency, using the official United Nations rate of exchange as at the date of promulgation, and should remain unchanged until the next biennial review; (d) the dependency allowances should be reduced by the amount of any direct payments received by staff from a Government in respect of dependants.

11. The financial implications of the introduction of the new scheme were estimated at $9 million per annum for the organizations of the common system, of which approximately $6 million had to do with the adjustment of the child benefit and $3 million with the transitional arrangements.

12. The financial implications of the above recommendation for the United Nations programme budget for the year 2009 have been estimated at $1,122,500.

III. Conditions of service of staff in the General Service and related categories

13. The General Assembly, in its resolution 52/216, endorsed the recommendations of the Commission relating to the methodologies for the surveys of best prevailing conditions of employment for headquarters and non-headquarters duty stations.

A. Survey of best prevailing conditions of employment in Geneva

14. In February 2008, the Commission completed and approved the results of the survey of best prevailing conditions of employment in Geneva, with March 2007 as the reference month. As the recommended salary scale was 1.81 per cent lower than the scale in effect in March 2007, no financial implications related to its implementation are expected. However, the implications related to the revision of the rates of dependency allowances are estimated at 460,000 Swiss francs or approximately $380,000 per annum.

15. The financial implications of the above recommendation for the United Nations programme budget for the biennium 2008-2009 have been estimated at $36,800.

B. Survey of best prevailing conditions of employment in Vienna

16. In accordance with the methodology, the Commission conducted a survey of best prevailing conditions of employment for the General Service staff in Vienna, with November 2007 as the reference month. As the recommended salary scale is 1.57 per cent lower than the scale in effect in November 2007, no financial implications related to its implementation are expected. The implications related to the revision of the rates of dependency allowances, which were determined on the basis of tax abatements, legislative payments and the surveyed employer-specific payments, are estimated at €90,270 or approximately $129,990 per annum.

17. The financial implications of the above recommendation for the United Nations programme budget for the biennium 2008-2009 have been estimated at $13,500.

IV. Conditions of service applicable to all categories of staff

A. Review of the level of the education grant

18. Based on the methodology approved by the General Assembly in its resolution 52/216, section III.A, the recommendations of the Commission to the General Assembly are contained in its 2008 report.[9]

19. The annual financial implications of the Commission's recommendations for the organizations of the common system have been estimated at $2,850,000 per annum.

20. All measures indicated in paragraph 62 will be applicable as from the school year in progress as at 1 January 2009. Therefore, financial implications of the above recommendation for the United Nations programme budget for the year 2009 have been estimated at $514,300.

B. Hazard pay

21. In accordance with the decision of the Commission in 2005 (A/60/30, para. 147) which was subsequently noted by the General Assembly in its resolution 61/239, the level of hazard pay for internationally recruited staff was established at $1,300 per month as at 1 January 2007. The report presented to the Commission by its secretariat contained a proposal to increase the hazard pay for internationally recruited staff by 5 per cent, effective 1 January 2009. That would result in an increase in hazard pay from $1,300 to $1,365 per month.

22. The financial implications of an increase of 5 per cent to the current level of hazard pay for internationally recruited staff assigned to hazardous duty stations, i.e., from $1,300 to $1,365 per month, were estimated at $1.2 million for the year 2009, based on staff data as at 31 December 2006 and assuming the list of countries/duty stations where payment of hazard pay has been approved with effect from 1 June through 31 August 2008 remains unchanged during 2009. That estimate does not include payment to staff on travel status.

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[9] Ibid., para. 62.

23. The financial implications of the above recommendation for the United Nations programme budget for 2009 have been estimated at $783,900.

V. Conclusions and recommendations

24. **The financial implications for the United Nations programme budget for the biennium 2008-2009 resulting from decisions and recommendations of the Commission are shown below:**

(United States dollars)

Remuneration of staff in the Professional and higher categories:	
Separation payments[a]	183 800
Mobility and hardship allowance[a]	959 400
Dependency allowances[a]	1 122 500
Conditions of service of staff in the General Service and related categories:	
Geneva (dependency allowances only)	36 800
Vienna (dependency allowances only)	13 500
Conditions of service applicable to all categories of staff:	
Education grant[a]	514 300
Hazard pay (internationally recruited staff only)[a]	783 900
Total	**3 614 200**

[a] For 2009 only, as effective date is 1 January 2009.

25. **Accordingly, the related requirements under the programme budget for the biennium 2008-2009 resulting from the recommendations and decisions of the Commission have been estimated to be on the order of $3,614,200. Those requirements will be taken into consideration when preparing the first performance report of the programme budget for the biennium 2008-2009, in accordance with existing practice.**